

U.S. Application Serial No. 09/988,291  
Attorney Docket No. 47004.000180

### REMARKS

Claims 59-61, 63-75, 77-87, 89-97, and 99-118 are pending in the application. By this Amendment, claims 107-118 are added. Reconsideration and allowance in view of the foregoing amendments and following remarks are respectfully requested.

Support for the amendments to the claims may be found in Fig. 6, as well as Fig. 1, Fig. 2, page 9, page 10, pages 12-14, page 19 and page 20, for example.

#### I. The Examiner Interview

Applicant appreciates the courtesies extended to Applicant's Representative, James Miner, in the March 9, 2003 telephone Interview (the "Interview") with Examiner Akers. In the Interview various aspects of the pending rejection were discussed, including Applicant's traversal of the pending rejection. In particular, Applicant's grounds of traversal as set forth in the November 3, 2003 Amendment were discussed.

Applicant indicated that in the Office Action, Applicant's arguments as set forth in the November 3, 2003 Amendment were not addressed. Further to the Interview, these grounds of traversal are set forth again below. That is, in response to Applicant's request in the Interview for Examiner Akers to respond to the arguments set forth in the November 3, 2003 Amendment, Examiner Akers indicated that Applicant should point out the deficiencies of the November 25, 2003 Office Action (and which arguments were not addressed). These and other deficiencies of the November 25, 2003 Office Action are discussed below.

#### II. Applicant Requests Examiner's Response to Arguments

In the discussion below, Applicant sets forth various grounds of traversal of the present rejection under 35 U.S.C. §103. Applicant requests the Examiner address each and every grounds of traversal as set forth below under M.P.E.P. 707.07(f).

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M.P.E.P. 707.07(f) indicates that where the Applicant traverses any rejection, the Examiner should, if he repeats the rejection, take note of the Applicant's argument and answer the substance of it. Applicant asserts that the grounds of traversal as set forth in the November 3, 2003 Amendment were not in any reasonable manner addressed in the November 25, 2003 Office Action.

Accordingly, Applicant submits that it would be improper for the Examiner to effect a Final Rejection in response to this current Amendment. Further aspects of the impropriety of the rejection are discussed below.

### III. The Claims Define Patentable Subject Matter

Claims 59-61, 63-75, 77-87, 89-97, and 99-106 stand rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over U.S. Patent No. 6,424,949 to Deaton *et al.* ("Deaton") in view of U.S. Patent No. 6,327,574 to Kramer *et al.* ("Kramer"), U.S. Patent No. 6,298,348 to Eldering ("Eldering") and U.S. Patent No. 6,377,936 to Henrick *et al.* ("Henrick").

The Office Action has rejected claims 59-61, 63-75, 77-87, 89-97, and 99-106 as allegedly being unpatentable in view of Deaton, Kramer, Eldering and Henrick. Applicant respectfully asserts that the claims, as amended, are patentable over the combined references, as the proposed combination is improper, as it renders the references unsatisfactory for their intended use. Also, the remaining combination fails to disclose every element of the invention and thus fails to set forth a *prima facie* case on obviousness. Further deficiencies of the applied art are discussed below.

#### A. The Rejection is Improper

As set forth in M.P.E.P 706.02(j), 35 U.S.C. 103 authorizes a rejection where, to meet the claim, it is necessary to modify a single reference or to combine it with one or more other

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references. M.P.E.P 706.02(j) indicates that after indicating that the rejection is under 35 U.S.C. 103, the Examiner should set forth in the Office Action:

(A) the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate,

(B) the difference or differences in the claim over the applied reference(s),

(C) the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter, and

(D) an explanation why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.

M.P.E.P 706.02(j) references the well known requirements of *Graham v. John Deere*, 383 U.S. 1, 148 U.S.P.Q. 459 (1966). Further, M.P.E.P 706.02(j) notes that it is important for an Examiner to properly communicate the basis for a rejection so that the issues can be identified early and the Applicant can be given fair opportunity to reply.

Applicant notes that the Office Action does set forth an alleged motivation to combine the applied art. However, Applicant respectfully submits that the November 25, 2003 Office Action is deficient with regard to both requirements (B) and (C) above. That is, the November 25, 2003 Office Action fails to set forth the differences in the claimed invention vis-à-vis the applied art. For example, the Office Action fails to assert the differences in the claims over the teachings of the primary reference to Deaton. Applicant further respectfully notes that the November 25, 2003 Office Action does not set forth the proposed modification of the applied references necessary to arrive at the claimed subject matter.

In particular, the Office Action does not assert the manner in which Deaton is being modified to allegedly arrive at the claimed invention. Rather, Applicant respectfully submits that

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the Office Action lists the alleged teaching of the art, provides a motivation to combine, and then asserts that it would have been obvious to combine so as to "teach the above" or "teach part of the above." However, the Office Action fails to discuss, in any reasonable manner, the proposed modification of the applied art necessary to arrive at the claimed subject matter, as required under M.P.E.P 706.02(j).

As noted above, M.P.E.P 706.02(j) notes that it is important for an Examiner to properly communicate the basis for a rejection so that the issues can be identified early and the Applicant can be given fair opportunity to reply. Applicant submits that, based on the above, the basis of the rejection has not been properly communicated. This is especially true since the proposed combination of four references adds to the complexity of the present rejection.

Applicant requests the Examiner to clarify the grounds of rejection such that Applicant and the Examiner can work together effectively and productively to further prosecution on this case. Alternatively, Applicant requests that the rejection under 35 U.S.C. §103 be withdrawn.

**B. The Combination Is Improper as It Renders the References Unsatisfactory**

The Office Action asserts that the combination of Kramer, Deaton and Eldering disclose the claimed invention. The Office Action states that the motivation to combine Kramer and Deaton "is to teach a system that permits the analysis of historical consumer purchasing behavior." The Office Action also states that the motivation to combine Eldering with Deaton and Kramer "is to teach a system that permits the profiling of consumers to determine the appropriate advertisements for consumers." The Office Action further asserts that the motivation to combine Deaton, Kramer, Eldering and Henrick "is to teach a system that enables merchandisers and providers of market products to consumers over a network."

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However, as asserted in the November 3, 2003 Amendment, these motivations ignore the fact that key aspects of Kramer and Henrick would be rendered unsatisfactory by the proposed combination. "If a proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification." M.P.E.P § 2143.01 (citing *In re Gordon*, 733 F.2d 900, 221 U.S.P.Q. 1125 (Fed. Cir. 1984)).

A key feature of Kramer is the privacy afforded to users of the invention. Kramer specifically teaches that "[b]ecause of the nature and level of detail of the information available in the TIC model, the user of TIC will require a high degree of privacy. The privacy that TIC provides is that no information collected, generated or inferred by TIC ever leaves the user's control. The data and inferences are used entirely on the users computer for the purpose of customizing and personalizing content for the user. With respect to TIC, personal information about the user only flows from external sources into the user computer (and the locally-controlled storage device). The user may use information presented by TIC to communicate back to content providers but that is done explicitly by the user independently of TIC." Col. 5, line 62 through col. 6, line 7.

Thus, one of the key features of Kramer is the privacy afforded to an individual user. The very title of Kramer recites "Hierarchical Models of Consumer Attributes for Targeting Content in a "Privacy-Preserving Manner". These privacy concerns stand in stark contrast to the disclosures of Deaton and Eldering, which address none of these issues. Rather, Deaton and Eldering all maintain customer information at a location outside of the control of the customer. Thus, combining Kramer with either Deaton and Eldering would render Kramer unsatisfactory for its intended purpose.

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Further, Henrick is directed toward data mining based on web-site usage, as described in the Abstract. Henrick also specifically notes that preserving consumer privacy is of specific concern. Abstract. Offers are made over the internet and market intelligence and customer profiles are all based on internet usage. Col. 4, lines 25-32. The Henrick invention "takes advantage of the unique customer knowledge of an Internet Service Provider (ISP) with respect to both the customers identity and their likes and dislikes, "while preserving the privacy of those customers". As with Kramer above, these privacy concerns stand in stark contrast to the disclosures of Deaton and Eldering. Deaton and Eldering maintain customer information at a location outside of the control of the customer. Thus, combining Henrick with either Deaton and Eldering would render Kramer unsatisfactory for its intended purpose.

The Office Action ignores this deficiency in combination and fails to even attempt to address it. This failure to properly follow the M.P.E.P and the case law demonstrates the improper nature of the various combinations and of the rejection as a whole.

Further, as noted above, the November 25, 2003 Office Action fails to address Applicant's above argument in any reasonable manner. The Office Action does indeed provide a section "Response to Arguments." However, as to the above arguments, such portion of the Office Action fails to make any mention of the "privacy" teachings as discussed above. Further, the November 25, 2003 Office Action fails to address Applicant's assertion that key aspects of Kramer and Henrick would be rendered unsatisfactory by the proposed combination. This further failure to properly follow the M.P.E.P also demonstrates the improper nature of the applied rejection under 35 U.S.C. §103.

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C. The Combination Does Not Disclose Every Element of the Claims

As also argued in the November 3, 2003 Amendment, as the combination of Kramer and Henrick with Deaton and Henrick is clearly not proper or appropriate, the resulting combination of Deaton and Eldering does not disclose every element of the claimed invention.

The claims of the present invention are directed toward gathering and manipulating merchant level customer purchase information. The combination of Deaton, Eldering, Hendrick and Kramer, even if proper, does not disclose this element of the claims. Specifically, claim 59, for example, recites "receiving the merchant level customer purchase information" and "organizing the merchant level customer purchase information." Thus, the present invention is not concerned with individual products purchased, but the merchants at which a customer makes a purchase. In particular, as can be seen, Fig. 6 does not show the particular item purchased, e.g., a watch. That is, "merchant level customer purchase information" is directed to the merchant level. Fig. 6 of the present application, for example, pertains to information from different merchants relating to the same customer, in accordance with one embodiment of the invention.

Deaton fails to teach the features of claim 59. Further, the deficiencies of Deaton are not cured by the other applied art. The disclosure of Deaton is, for example, directed toward a system for a merchant to identify risks with respect to accepting checks from a customer. Col. 4, lines 52-61. One feature of the system of Deaton is to target a customer at that retailer based on past purchases at that retailer. Col. 7, lines 31-50. There is no disclosure regarding use of this system by more than one retailer, such as competing retailers, at the same time, or generating a customer profile based on the purchases at a number of different merchants, i.e., such being examples of the manipulation of merchant level customer purchase information, so as to teach the features of claim 59.

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To explain further, claim 59, in summary, recites a method for making targeting offers comprising receiving the merchant level customer purchase information; organizing the merchant level customer purchase information within a predetermined organizational structure, creating a customer preference based at least in part on the merchant level customer purchase information; and forming a merchant level offer for a customer based on at least one of the customer preference and the merchant level customer purchase information.

Deaton, as well as the other applied art, fails to teach such specifics including manipulation of merchant level information, from a plurality of merchants. Deaton does indeed discuss multiple store configuration, such as in column 6, lines 24-35, and column 21, lines 6-50. In particular, Deaton teaches that the stores exchange information for purposes of check verification, for example. However, Deaton fails to disclose the specifics of claim 59.

With regard to Eldering, Eldering describes using actual product information, price and identification in creating a customer profile, as shown in Fig. 5. The invention described in Eldering is directed toward determining the individual products that a customer purchases. As set forth in Eldering, a "[p]rofiler 140 may be a retailer who collects data from its stores, but can also be a third party who contracts with consumer 100 and the retailer to receive point of purchase data and profile the consumer 100." Col. 6, lines 1-12. There is no disclosure in Eldering regarding use by more than one retailer, such as competing retailers, or generating a customer profile based on the purchases at a number of different merchants, *e.g.*, on merchant level customer purchase information, so as to teach or suggest the invention of claim 59.

Henrick, even if it were included, is directed toward data mining based on web-site usage, as discussed in the Abstract of Henrick. Offers are made over the internet and market intelligence and customer profiles are based on internet usage. Col. 4, lines 25-32. There is no



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disclosure in Henrick of any type of merchant level customer purchase information, and the manipulation of such as recited in claim 1.

Further, Kramer is not directed to multiple merchants, so as to teach the claimed invention. Kramer describes that the Kramer invention relates to the creation and maintenance of models of consumers, based upon transactional data extracted from structured information received via electronic channels and viewed by the consumer, and the use of those models to aid in presenting targeted content, such as advertising or special offers, in a way that does not compromise the consumer's privacy, as described in column 1. Further, for example, Kramer teaches the described system overcomes the limitations of conventional models and targeting methods for delivering custom content to consumers that matches their interests, preferences, demographics, or psychographics (column 2, line 50). Existing systems make use of data warehouses that aggregate information from a variety of sources, create demographic segments with associated consumer preferences, decide which segment or segments a consumer occupies, and sends information relevant to that segment to the consumer.

As described in column 2, lines 46-67, Kramer builds upon the analyzing or "interpreting" of structured documents delivered electronically to the consumer for information to create a consumer profile of the consumer based on a broad spectrum of both online and offline behaviors and transactions. In particular, a detailed model of the consumer is built using mathematical functions that map from the specific transactions of the consumer to estimates of the relevancy of certain attributes to the consumer. These models can be used to order a number of pieces of conditional content with respect to how well they match the attributes of the consumer, and hence how well they may appeal to the consumer's interests, preferences, psychographics, or demographics.

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However, the applied art fails to teach or suggest creating a customer preference based at least in part on the merchant level customer purchase information, as recited in claim 59.

Applicant respectfully submits that claim 59 defines patentable subject matter for the reasons as set forth above. Further, independent claims 73, 87 and 97 define patentable subject matter for reasons similar to those set forth above with respect to claim 59.

D. The Dependent Claims

Applicant submits that the dependent claims define patentable subject matter for the reasons set forth above with regard to the independent claims, from which they variously depend, as well as the additional features set forth in each of the dependent claims.

For example, added dependent claim 107 recites wherein the step of generating a customer score, includes generating multiple customer scores for a single customer, the multiple customer scores for the single customer each being respectively associated with a different merchant. Accordingly, such claim recites specifics of using data from a number of merchants, in contrast to the teachings of the applied art as discussed above. Claims 108 and 109 similarly relate to purchases from different merchants.

Also, claims 110 and 111 are added to specify that the plurality of sources are different merchants. As discussed above, the applied art fails to teach such feature in the context of claim 59, for example.

Further, added claim 112 recites wherein at least a plurality of the categories or sub-categories are associated with a respective count value, each count value indicating the number of customers that have had activity within the particular category or sub-category. Further, claim 113 (and claim 116) recites wherein at least a plurality of the categories or sub-categories are associated with a respective percentage value, each percentage value indicating the percentage of

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customers that have had activity within the particular category or sub-category. Accordingly, claims 112 and 113 reflect the features of Fig. 2 of the present invention and reflect the "merchant level" nature of the invention.

Also, variously dependent claims 114, 115, and 117 have been added to further recite the interrelationship of the claimed invention with a plurality of different merchants. As discussed above, the applied art does not teach such features relating to different merchants.

Further, added claim 118 recites wherein the categories and sub-categories relate to the volume of purchases made at a particular merchant and not to any particular item purchased at a particular merchant. These feature of the invention may be seen, for example, in Fig. 2. Fig. 2 does not reflect that a watch has been purchased, for example. Rather, Fig. 2 reflects counts and percentage values at different merchants.

Also, Applicant notes in particular claim 68. Claim 68 recites the feature of *updating* the organizational structure when customer purchase information reaches a threshold level. Deaton does not appear to disclose any such feature. Further, the Office Action does not appear to acknowledge this claimed feature that is also reflective of acquiring data at merchant level.

With regard to claim 68, Deaton does disclose in column 6, lines 3-11, that in addition to, or in place of, check verification status data, the local customer database may include credit or debit card data and transactional data such as transaction frequency and dollar volume over specified intervals; and that this transactional data can be used to place conditions risk management on transaction verification over and above verification status. Deaton teaches that for example, in the case of a customer with either CAUTION or POSITIVE status, if a transaction exceeds certain specified transaction limits frequency and/or dollar amount over a specified interval (such as day, week or total), a CALL MANAGER response is returned in

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response to a verification request, regardless of customer status. However, this teaching of Deaton is different than the particular use of a threshold as recited in claim 68. That is, claim 68 does not simply recite the general use of a threshold.

E. The 35 U.S.C. §103 Rejection is Improper

For the reasons described above, the combination of Dearon, Eldering, Henrick and Kramer is improper. The references cannot be properly combined and fail to disclose every element of the claims, and thus fail to establish a *prima facie* case of obviousness. Withdrawal of the rejection is requested.

IV. Conclusion

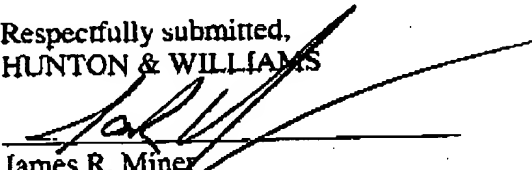
Applicant respectfully submits that this application is in condition for allowance, and reconsideration and allowance of the application is respectfully requested. If the Examiner believes that prosecution might be advanced by discussing the application with Applicant's counsel, in person or over the telephone, we would welcome the opportunity to do so.

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It is believed that no fees are due with this response in excess of those otherwise provided for. However, in the event any other fees are due, the Commissioner is hereby authorized to charge the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,  
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